



HCTC | Health Coverage Tax Credit

Federal • State • Private Industry

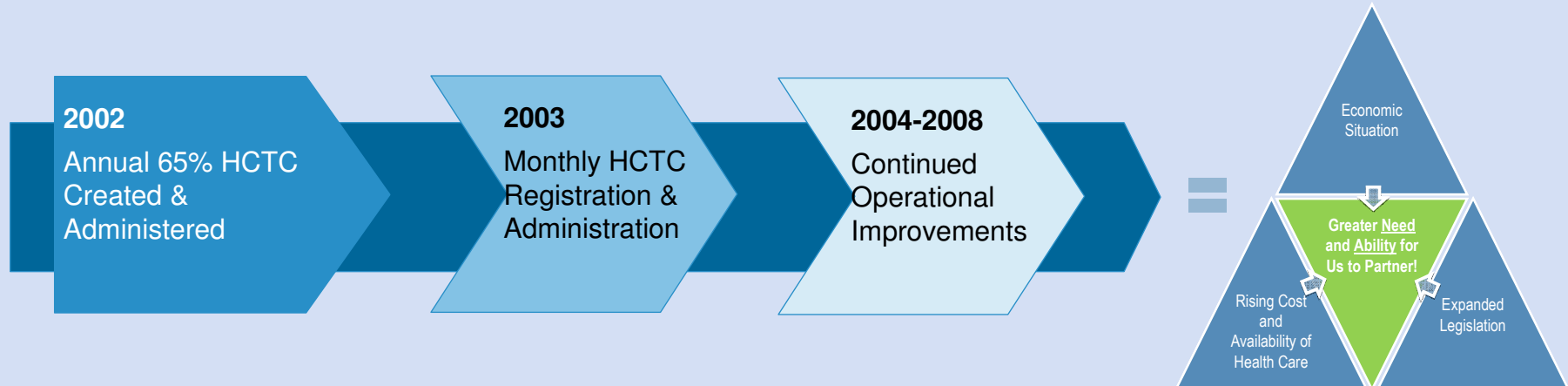
An Overview of the Health Coverage Tax Credit

- HCTC Overview
- How the HCTC Works
- What's New about the HCTC
- Support Material For You
- Questions

Congress created the HCTC Program as part of the 2002 Trade Act. It was established to assist cover the cost of health care for:

- workers who lost their jobs due to trade
- retirees whose pensions were taken over by the Pension Benefit Guaranty Corporation (PBGC)

2002 —————> Today



Today's environment requires a stronger partnership and increased coordination between the HCTC Program at its stakeholders.

The HCTC is available to individuals who:

STEP 1 – Meet Initial Requirements:

- Trade-Affected (TAA, ATAA or RTAA certified)
- Pension Benefit Guaranty Corporation (PBGC) Recipient

STEP 2 – Meet General Requirements:

- Not enrolled in Medicare
- Not claimed as a dependant on another person's federal tax return

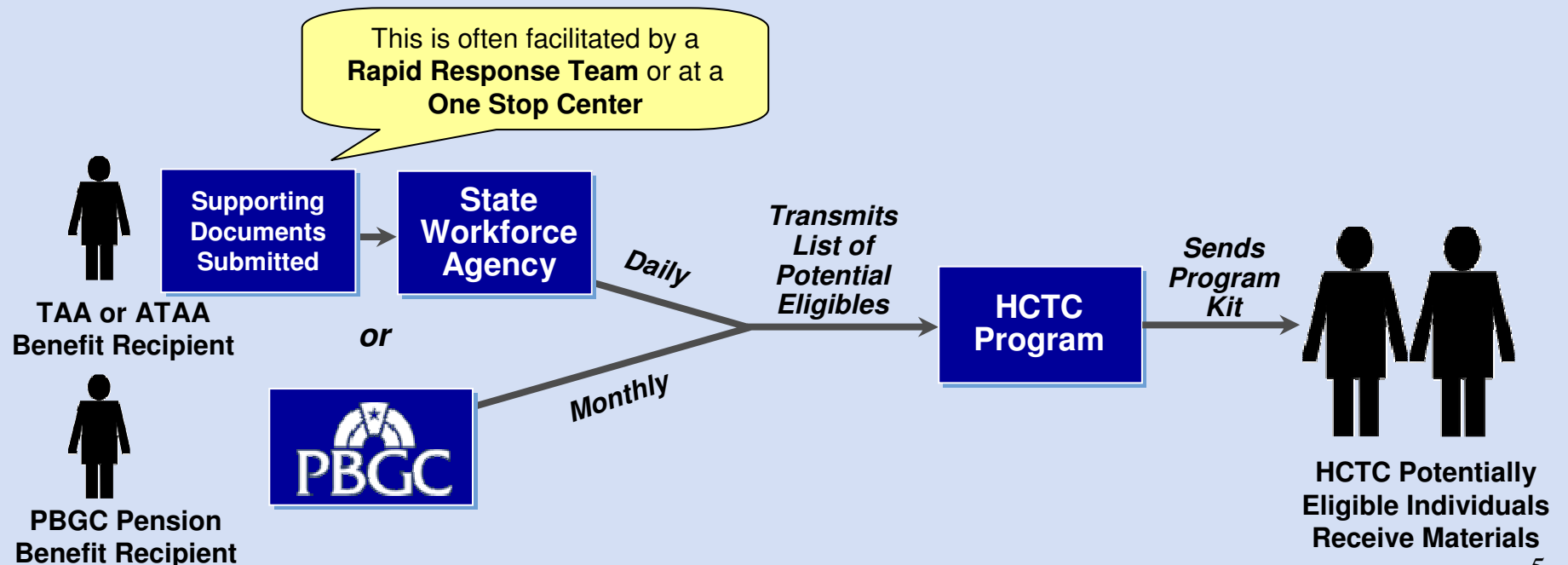
STEP 3 – Are enrolled in a Qualified Health Plan:

- COBRA
- State-Qualified Health Plans
- Spousal Coverage
- Non-group / Individual Health Plan

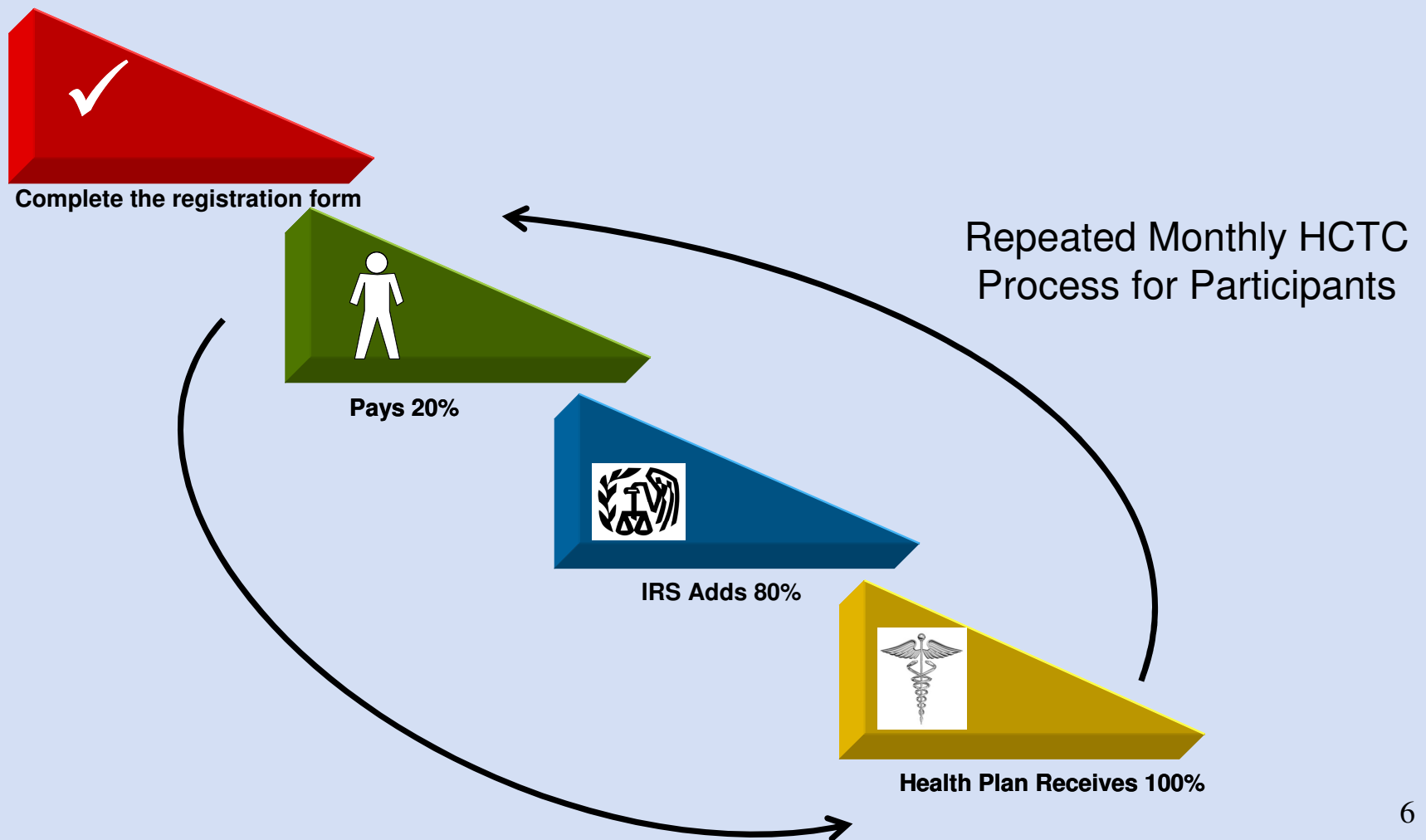
State and local partners play an important role in HCTC!

Meeting Initial Requirements:

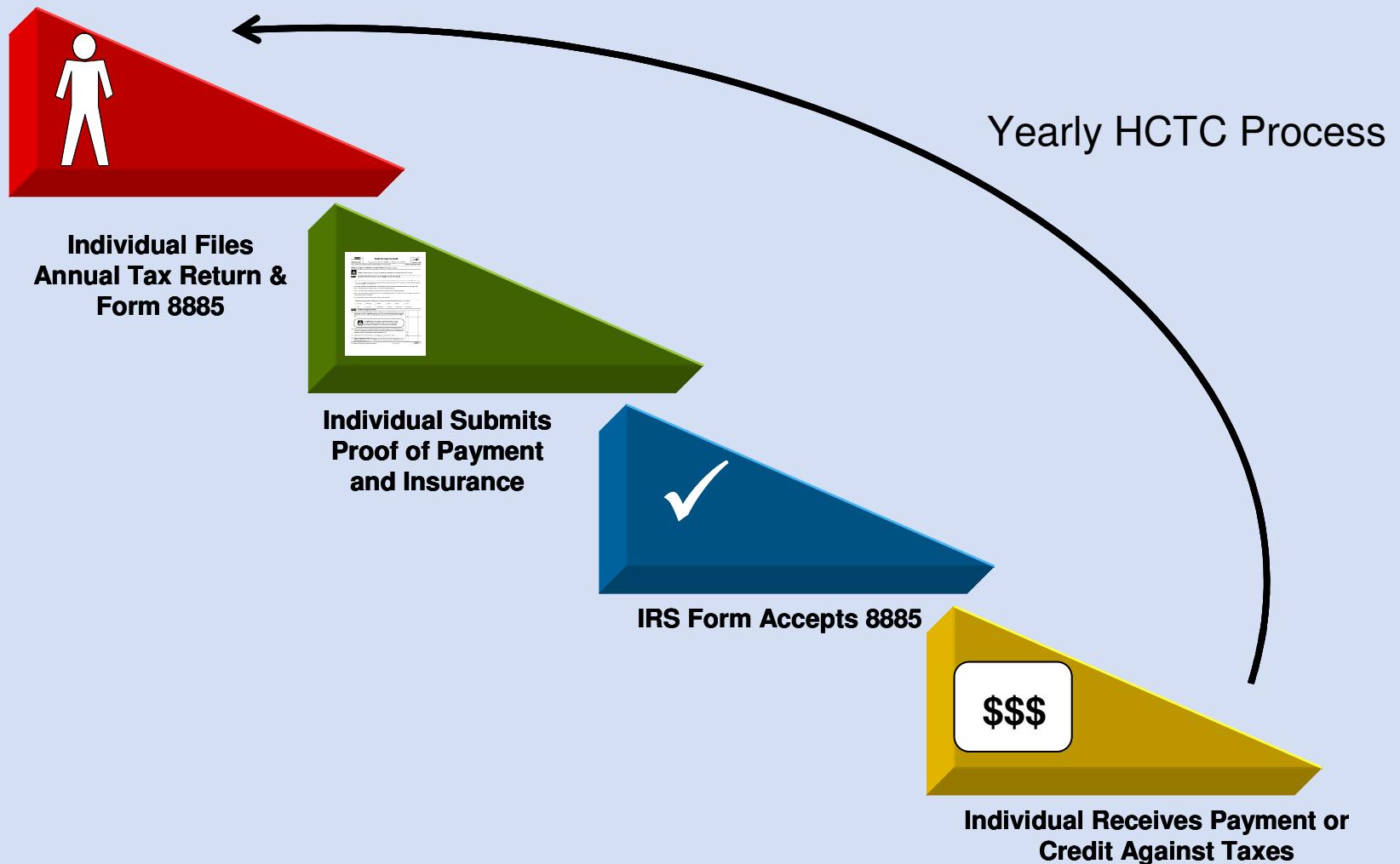
- Individuals will only receive program information after a state or the PBGC sends an eligibility record to the HCTC Program



The monthly program allows participants to receive **monthly assistance** in paying health care premiums.



The yearly HCTC allows eligible individuals to receive the tax credit upon filing their **federal tax return**.



The *Recovery Act** changed the HCTC:

Greater Portion of Health Coverage Cost Paid

Reimbursement for Payments Made During Enrollment

Extended Coverage for Qualified Family Members

Fewer Training Requirements

COBRA Benefits Extended

COBRA Subsidy Considerations

**The legislation that changed the HCTC expires on December 31, 2010*

The HCTC now pays a greater portion of health coverage costs.

The tax credit has **increased from 65% to 80%** of qualified health insurance premiums.

Beginning in May 2009

Participants can receive a credit for premiums paid during enrollment.

Participants who made payments for qualified health insurance in 2009 while enrolling in the monthly program can receive a credit on their HCTC account.

This change helps participants with the up-front out-of-pocket expenses for health insurance.

Beginning in August 2009

Qualified family members may continue receiving the HCTC for up to 24 months.

Qualified family members will be able to receive the HCTC even after the primary eligible individual's:

- **Enrollment in Medicare**
- **Divorce**
- **Death**

Beginning in January 2010

The definition of an eligible TAA recipient has changed.

**More people may now be eligible to receive the HCTC.
They may also be able to receive the tax credit more consistently.**

Beginning in March 2009

COBRA benefits have been extended for HCTC eligible individuals.

TAA, ATAA and RTAA recipients can receive COBRA for as long as they continue to meet the definition of eligible individuals.

PBGC benefit recipients and their family members can also receive COBRA for an extended period of time.

Employers are responsible for extending COBRA benefits for these individuals.

The Recovery Act established a new 65% COBRA Subsidy Assistance Program.

Individuals who are involuntarily separated from their jobs on or after September 1, 2008 are eligible to receive the subsidy.

If an individual receives a 65% COBRA subsidy through their former employer, the individual will not be eligible to receive the HCTC during that same month.

The new COBRA subsidy program is different from HCTC.

The HCTC Program is here to help you.

- **Contact us with questions or to order brochures**
 - Email: wi.hctc.stakeholder@irs.gov
 - Customer Contact Center:
 - 1-866-628-HCTC (1-866-628-4282)
 - 1-866-626-4282 (TDD/TTY)
- **Visit our website to download materials**
 - www.irs.gov (Keyword/Search: HCTC)

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